



# Prepare and Compare Budgets Based on Career And Financial Planning

**Grades:** 8-12  
**Time:** Two class periods  
**Subjects:** Career awareness, mathematics

**Description:** This activity will help students learn about career and financial planning and the importance of planning for both by exploring salary ranges for selected occupations and by preparing two budgets based on anticipated monthly income and expenses.

## Objectives

Students will be able to:

- Determine monthly income for two selected occupations.
- Prepare two personal budgets based on monthly income for each occupation.
- Compare budgets and salaries to determine needed income to cover expenses

## Materials:

- Salary information for various occupations (Check with Career Guidance counselor or access information on Internet.)
- Calculator
- Copies of budget worksheet
- Newspapers/catalogs/sample bills, etc. for students to estimate item expenses



## Terms to Know:

- **Budget**—Estimate of the amount of money that will be earned and spent for various purposes in a given time
- **Fixed expense**—An expense which stays the same over a period of time, such as rent, car payment, child care, etc.
- **Gross income**—Total income before taxes and other expenses are deducted
- **Net income**—Income remaining after taxes and other expenses are deducted
- **Standard deductions**—Taxes, including federal and state income taxes, and Social Security and Medicare deductions
- **Variable expense**—An expense which changes from month to month, such as expenses for food, clothing, and entertainment

## Procedure:

1. Have each students identify two occupations that they are interested in pursuing and then have them research the job market for both occupations, including:
  - Education/Training needed
  - Starting salary
  - Advancement opportunities
  - Demand for workers now and in the future

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## Prepare and Compare Budgets

2. Explain to students **standard deductions** that will/may come off their earnings to teach them the difference between **gross** and **net income**, including:
  - Federal tax
  - State tax
  - FICA (Social Security)
  - MQFE (Medicare Qualified Federal Employment)
  - Optional: Health/Dental insurance, life insurance, retirement plan, etc.
3. Have students deduct between 25%-30% from their expected monthly salary to cover standard deductions/options.
4. Review budget form with students and discuss monthly expenses. Identify those that are **fixed** monthly expenses, those that are **variable** expenses, and those that may be paid quarterly/annually or may be unexpected. Explain to students that it is wise to save monthly to meet expenses such as car insurance premiums.
5. Using net monthly income for each occupation, have students prepare and then compare their budgets.  
Note: Explain to students that their total expenses should not exceed their monthly income.
6. If total expenses exceed monthly income, have those students review their estimated housing and car expenses to determine if they can be reduced, such as paying \$250 a month instead of \$500 a month on an auto loan. Also, have them identify items that can give up, such as cigarettes, cable TV, and other optional items if they are still over budget.
7. Have students share what they have learned in class about career and financial planning, such as will their occupational choices pay enough for them to pay their bills and have their desired lifestyle?

### Evaluation:

Students will be evaluated based on their research of the occupations, completion of monthly budget form for each occupation, accuracy of budget information, and class discussion.



## Budget Worksheet

Occupation: \_\_\_\_\_

Net monthly income: \_\_\_\_\_

### **Budget Items**

### **Estimated Monthly Expense**

#### **Housing/Utilities**

Rent or house payment

Gas/Oil

Electricity

Water/sewer/garbage

Phone

#### **Groceries**

Food (home)

Toiletries/personal grooming aids

Household cleaning supplies

Food (dining out)

#### **Clothing**

Personal

Work (uniforms)

Laundry/cleaning

#### **Transportation**

Car payment

Car tag/License fees/Maintenance

Fuel (gasoline)

Mass transit (Subway, bus)

#### **Insurance**

Health/Dental/Vision

Disability

Life insurance

Renter's/house insurance

Car insurance

#### **Personal**

Entertainment

Hair care/Cosmetics

Church/Charity donations

Savings account

Medical prescriptions

Child care

#### **Miscellaneous**

Cell phone/Pager

Cable TV/Internet service

Fitness/Gym membership

Credit card debt

Student loans

Other: Birthday/Holiday gifts, pet expenses, hobbies, etc.

**TOTAL MONTHLY EXPENSES**